

Economic Development and Indigenous Australia: Contestations over Property, Institutions and Ideology?

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ABSTRACT

Economic development for remote Indigenous communities cannot be understood in the native title era unless the relative importance of customary activity is recognised. This paper uses a three-sector hybrid economy framework, rather than the usual two sector private (or market) or public (or state) model to more accurately depict the Indigenous economy. Examples are provided of the actual and potential significance of this hybrid economy. Focusing on the concepts of property and institutions, it is demonstrated that significant local, regional and national benefits are generated by the Indigenous hybrid economy. A role is foreshadowed for resource economists and the New Institutional Economics in quantifying these benefits, especially positive externalities, so that they might be more actively supported by the state.

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1. INTRODUCTION

At last year's Australian Agricultural and Resource Economics Society annual conference, Ron Duncan in his presidential address threw down the gauntlet, to gathered resource economists, challenging them as a professional group, to engage with economic development issues highly relevant to Indigenous Australians.¹ His address has now been published in *The Australian Journal of Agricultural and Resource Economics* (Duncan 2003) and is available to a wide audience. Duncan's foray into this new area is based principally on an approach called the New Institutional Economics and emerges from his career engagement with Third World development. It also has a clear moral dimension, challenging his colleagues to engage with a pressing national issue, Indigenous under-development. As will become clear below, when I throw down another, different gauntlet, my views on this issue are somewhat different from Ron Duncan's, being informed by a different conceptual approach that mixes economics and anthropology and a long engagement with Indigenous economic development issues in Australia.

The conceptual foundation of my approach is a broader unconventional notion of the economy made up of three sectors, the customary, the market and the state, rather than the usual two: market and state or private and public—a key analytical concept I use is the notion of 'hybridity' that I apply not just to the Indigenous economy, but also to emerging Indigenous institutions and new forms of property in post-native title Australia. This different approach seeks to blend western and Indigenous perspectives on economic development, questioning what I perceive to be conventional notions of property and institutions that merely reflect the dominant power culture's ideological focus on the market and materialism. The challenge for me is to see if I can persuade resource economists to incorporate this somewhat different perspective on Indigenous economic development into their approaches.

Economic development itself, of course, is a highly contested term (Throsby 2001: 61–71), covering a definitional spectrum from measurable 'monetary income per capita' to less measurable capability of people to lead the lives they desire (Sen 2001). Irrespective of what notion of economic development one uses, my approach aims not just to consider economic development outcomes for Indigenous Australians, but also more broadly for regions and the nation. In an increasingly intercultural but regionally diverse Australia, it cannot, as it has in the past, be economic development just for non-Indigenous Australians, or just for Indigenous Australians, for this will just perpetuate the status quo and Indigenous underdevelopment. In conclusion, I will highlight, like Ron Duncan, that it is in such difficult public policy debates that resource economists and the New Institutional Economics might have some comparative advantage and a role to play. Ultimately though, it will be the market for ideas, not my analysis, that will determine the extent of this demand.

2. REVISITING RON DUNCAN (2003)

I begin this paper with a synopsis of what Ron Duncan said as evidenced in the published version of his presidential address—this obviously being my particular interpretation. Duncan's arguments are wide-ranging, but his salient points can be summarised as follows.²

Duncan begins with the observation that Indigenous Australians as a group are relatively badly off compared with other Australians. This is an observation that was initially made by economists when official statistics on the total Australian population first became available in the 1971 Census (Altman and Nieuwenhuysen 1979), thus allowing some comparisons between Indigenous and non-Indigenous Australians.³ Recent analysis of 2001 Census data by economist Boyd Hunter (2004) suggests that this is the situation still, some 30 years on. Today, it is estimated that there are some 460,000 Indigenous Australians, with about 70% living in metropolitan and urban situations and 30% in remote and regional Australia. Recent analysis indicates that according to official statistics, improvements in Indigenous socio-economic status have been slow or stagnant, both in absolute and relative terms (Altman and Hunter 2003; Australian Bureau of Statistics 2003; Productivity Commission 2003); and that the well-being of those in remote and regional Australia is the lowest (Commonwealth Grants Commission 2001; Productivity Commission 2003; Hunter 2004).

Relying on the message from standard social indicators, Duncan identifies a 'development issue' for Indigenous Australians nationally and then, drawing on research on Blacks in the USA by Glenn Loury (2001), suggests that special institutions and special measures may be justified to address the special problems of economic and social exclusion faced by Indigenous Australians.⁴ At one level this prescription is uncontestable. At another it begs the questions of why past special measures have not been sufficiently effective in closing the gap and the complex issues of how existing special measures might be modified or better targeted, especially in metropolitan and urban contexts where Indigenous households are increasingly inter-ethnic and residually dispersed (Birrell and Hirst 2002; Peterson and Taylor 2002). I am not convinced, for reasons outlined later, that economic and social exclusion can be easily conflated with a lack of economic development.

Duncan's (2003) main focus is on the beneficial impact that land rights and native title laws may, or should, have on Indigenous communities. He observes (Duncan 2003: 308) that Aboriginal groups have gained control over large areas of land and this land should play a role in economic development for Indigenous communities; furthermore there is a wider national interest in ensuring that this land is well managed.⁵ Pollack (2001) has recently estimated that the Indigenous estate accounts for over 1 million sq kms of Australia, between 18 and 20 per cent of the continent. Most of this land has historically had little commercial value, hence it has remained unalienated and available for Indigenous claim. Because much of this estate lies in remote and desert Australia, beyond the temperate agricultural and tropical pastoral zones, it is relatively environmentally intact and has high biodiversity value (Australian State of the Environment Committee 2001), but low agricultural value or potential.

How might land rights and native title stimulate economic development in Indigenous communities to ameliorate relative poverty? Duncan offers three suggestions.

First, he looks at the issue of land tenure and land management. Recognising the customary group ownership nature of Indigenous land tenure,⁶ Duncan identifies both incentives problems for individuals and problems in raising commercial finance for development without alienable land available as collateral. But he stops short of recommending individuation of land ownership, noting that in some Pacific situations individual leasehold tenure over land held under communal tenure can address both incentives and financial access problems.⁷ Underpinning this analysis is the implicit assumption that Third World Pacific economic solutions, from agrarian island economies, can be of assistance to Fourth World Indigenous Australian under-development.

This possibility needs a great deal more consideration: the types of commercial agricultural enterprise for remote Indigenous Australia are not specified; the negative environmental impacts of commercial agriculture associated with private land ownership, undervalued water, and commercial imperatives elsewhere in temperate Australia are not considered (Quiggin 2001); and the fact that group land ownership sits at the very core of Indigenous identity for many is given insufficient focus.

Second, Duncan looks at environmental issues on the Indigenous estate and accepts that Indigenous people are making positive natural resource management (NRM) contributions in some places. Furthermore he notes that given Indigenous ownership of large tracts of land (and as I will argue later, customary property rights in valuable resources like water) it is imperative that Indigenous stakeholders are involved in any integrated resource management where they have an interest. Importantly, Duncan sees a role for resource economists in valuing the positive externalities generated by Indigenous NRM and for the New Institutional Economics in designing payment mechanisms for this currently unrecognised social benefit that will facilitate its continuation and possible expansion if, or when, equitably resourced by the state.

Third, Duncan addresses the complex issue of development of mineral resources on Indigenous-owned land, an issue on which there is a significant literature.⁸ Duncan sees a role for resource economists and the New Institutional Economics in analysing and facilitating a reduction in native title (and presumably land rights) transactions costs in contested resource development situations; in assisting Indigenous groups ensure fair land owner returns from mining projects; and in the design of local institutions for sound governance to beneficially manage benefit streams. These aims are all worthwhile and the problems common to Indigenous Australia and Third World contexts are again highlighted. Because native title is a relatively new form of property, institutional design is important. But there are also long-established land rights regimes where disputation over Indigenous property rights in resource agreement and compensation payments reflect not just mismatches between western and customary laws—disputes are equally promulgated by very murky concepts of property and significant State-to-State variations and ambiguities in legal regimes. The role of the state looms large here, with incentives to lower transactions costs often undermined by state actions that result in the substitution of public citizenship entitlements by payments in compensation agreements.⁹ Nevertheless, there is a recent trend to enter negotiated Indigenous Land Use Agreements (ILUAs)¹⁰ and the New Institutional Economics may be able to assist in quantifying the value of associated reductions in transactions costs.

3. REFINING AND REDEFINING THE ECONOMIC DEVELOPMENT ISSUE

This paper focuses on remote Indigenous communities of which there are about 1,200, with a total population of around 120,000 (26% of the total estimated Australian Indigenous population).¹¹ These figures suggest an average community size of only 100—clearly there is a great deal of variation from tiny outstation and pastoral communities to relatively large remote townships that are growing quickly. Most of these communities are in what was called 'colonial Australia' by Charles Rowley in 1971 (Rowley 1971). While they are often also termed 'discrete' Indigenous communities, most of the larger ones also have non-Indigenous residents and will, in my view, be increasingly inter-ethnic in the future.

My reasons for focusing on these communities, mainly in the tropical north and arid centre are threefold. First, according to official statistics gathered by the ABS the socio-economic status of residents of these communities

is the lowest—a view that I partially challenge later. Second, these are the contexts where the issue of economic development looms large. This is a view that I first held in 1977 when I started working on these issues as a young development economist; there were remote contexts where the parallels between Indigenous Australia and Third World poverty suggested parallel approaches might assist. This distinction between 'settled' and 'remote' Australia was adopted by the first comprehensive review of Aboriginal employment circumstances in 1985 (Miller 1985) and was extremely influential in policy development at least until the 1990s when, with the establishment of the Aboriginal and Torres Strait Islander Commission (ATSIC), it became somewhat blurred.¹² The Miller Report distinguished between fast-tracking Indigenous integration into the mainstream labour market and enterprise and building an economic base at remote communities. Third, most Indigenous-owned land is in remote Australia and engaging with the issue of land rights and native title and economic development steers one inevitably to those situations where Indigenous people live on their lands. Conversely, it is questionable whether land (and resource) rights will provide the principal ameliorator of economic marginality in metropolitan and urban contexts where most Indigenous Australians live. Arguably, economic development strategies are most appropriate for discrete Indigenous communities, most located on Aboriginal land in remote and regional Australia.¹³

What are the key economic development issues in these contexts? First and foremost, the perceived problem is an absence of significant market or private sector economies. This explains in part why these discrete communities exist and in part why Indigenous people choose to live at them, for mainly non-market reasons—because of continuing residence on, or near, traditional lands and beyond the demographically and culturally swamping wider society. But while orthodox economic theory might suggest that Indigenous residents of such communities should migrate elsewhere to engage with the market economy, it is highly contestable how effectively they would compete today for mainstream employment, owing to significant historic legacies and associated shortfalls in human capital endowments. In any case, the Australian nation state enables Indigenous people to stay in townships created initially by administrative colonial fiat, on or near traditional lands—and Indigenous people in much of remote Australia are currently choosing to do just that, while maintaining and nurturing their distinct cultures predicated in large measure on continuing links to country.

Economic development in such contexts is not just about development for enhanced market engagement, high formal employment and growing income. Such options rarely exist in these contexts.¹⁴ Rather, development is more of a process (Sen 2001) that might enhance Indigenous capabilities to engage with, and participate in, local, regional and national economies. The nature of economic development will be a function of the precise nature of local and regional contexts, rather than of the currently prosperous metropolitan economies of south-east and south-west Australia successfully engaging with globalisation. There is considerable diversity in the nature and structures of remote and regional opportunities and circumstances. But restitution of land and the recent recognition of customary property rights in Australian common law either codify old, or open up new, distinct Indigenous economic options.

4. A NEW CONCEPTUAL APPROACH: HYBRIDITY, SUSTAINABILITY, AND CULTURAL DIFFERENCE

New local and regional forms of Indigenous economy have evolved in the last thirty years, an evolution made possible by state bestowal of full citizenship entitlements on Indigenous Australians, a policy shift from assimilation to self-determination, and land rights. Distinct forms of economy have emerged at Indigenous communities on Aboriginal land that are extremely unusual in First World contexts, although there are similarities with other Fourth World contexts (USA, Canada and New Zealand). Elsewhere, I have termed these 'hybrid economies' with customary (or Aboriginal), market (or private) and state (or public) sectors (Altman 2001). Two features, if not self-evident, should be noted. First, the customary sector should not be confused with some pristine pre-contact hunter-gatherer economy. It is modern and utilises new, as well as old, technology and know-how. Second, there are strong inter-linkages between the three sectors of the hybrid economy: what is produced for use can be exchanged, what is produced for exchange can be used, and the state can underwrite production for use and for exchange. Arguably, the development issue in such contexts is that there is too much welfare state and not enough market and customary activities. Also arguably, there may be insufficient state support to foster productive activity, especially in remote contexts where state support inevitably looms large in non-Indigenous contexts. In the hybrid economy, Indigenous competitive advantage is embedded in the customary, whether in production for use or in production for commercial exchange.

Part of the argument I make here is that over the 30-year period since 1971 these remote economies have been in apparent continual crisis, according to official statistics, in part because a crucial element, the customary, has been overlooked and another element the market is relatively absent. However, these are not dual, but three-sector economies—we have failed to correctly conceptualise remote Indigenous economies. Another part of my argument is that there has been insufficient recognition of many social benefits that are generated by the hybrid economy and consequently an inability to recognise its potential to generate more social benefit, if appropriately resourced. This is not to suggest that all is well, but rather that development strategies need to realistically assess in which sector comparative advantage may lie.

The hybrid economy model is, at one level, a descriptive model of Indigenous economic lived reality. However, the model I propose encompasses far more. For a start, this economy is driven by both hybrid and intercultural institutions, evident, for example, in hybrid notions of property that include western and customary values (Throsby 2001). Second, I propose that the hybrid economy model needs to be integrated with a sustainability framework (Venning and Higgins 2001) if it is to have long-term viability. Of particular importance is ecological sustainability. Interestingly, in my view, the group ownership (common property) and inalienable nature of Indigenous land and native title rights (and customary use rights) provides incentive to ensure that economic activity is ecologically sustainable and that environmental degradation is minimised so that the land and its natural resource base are available inter-generationally. Finally, and not surprisingly, the precise nature of the hybrid economy (and associated hybrid institutions) will be highly variable between localities and regions, depending on many factors—history, resource endowments, level of state support, market linkage, all interacting with highly diverse local-level Indigenous aspirations, perspectives and capabilities. Delivering

economic development opportunity that matches Indigenous aspirations and structural reality in remote Indigenous Australia will not be easy but it should be possible.

5. THE HYBRID ECONOMY IN NORTH AUSTRALIA: SOME CASE STUDIES

Let me now provide some case material to illustrate the workings of the hybrid economy. I draw my examples mainly from the tropical savannas, focusing very specifically on issues that I have recently studied and leaving aside, for now, resource development projects, pastoral stations, and infrastructure projects where there is already Indigenous formal engagement and employment.

Case 1: Harvesting of wildlife

I first worked in central Arnhem Land with Kuninjku harvesters in 1979–1980. At that time with welfare just arriving, the customary sector accounted for the major part of the local economy: 64% of cash and imputed income was generated by the customary; 26% by welfare (the state); and 10% by the sale of art (the market). In recent research undertaken with the same people at the same places in 2002–2003 I estimated that with full incorporation into income security (not welfare) these proportions have changed somewhat. Now the customary is relatively smaller at 32% and the state larger (at 57%) while the market sector is similar.¹⁵ Nevertheless for an average Kuninjku outstation of 25 people, customary activity generates an estimated \$72,800 worth of food per annum, an estimated \$1540 per hunt. This is not just activity that generates imputed income, it indirectly generates cash and it enhances people's diet, nutrition and health status.

Case 2: Indigenous fisheries

The recently completed National Recreational and Indigenous Fishing Survey (Henry and Lyle 2003) showed a remarkable 92 per cent fishing participation rate for the surveyed Indigenous population in north Australia. An estimated 37,300 Indigenous fishers participated in 420,000 fisher days harvesting a total of nearly 3 million fish of many species. This customary activity would have been unrecorded in official labour force or income statistics.

Case 3: The Indigenous arts industry

The Indigenous visual arts industry is an important example of how productive activity, grounded in the customary, has been modified for the market. It has recently been estimated that the sector is valued at a minimum \$100 million per annum Australia-wide, with most art produced at remote communities. The recently-launched NT Indigenous Arts Strategy (NT Government 2003) notes that this activity is a significant employer and source of cash income in regional and remote communities where opportunities for market engagement are rare. The Strategy also notes that the sector supports a range of positive cultural and social outcomes. It is estimated that 5,000–6,000 arts practitioners in many remote communities engage in visual arts production, yet there is no recognition in official statistics of this high level of participation.

Case 4: Indigenous NRM

In the Northern Territory (NT), the Northern Land Council's Caring for Country community-based ranger programs are aiming to manage Aboriginal-owned land and sea natural resources sustainably—the terrestrial jurisdiction covered is currently about 170,000 sq kms and the coastal/intertidal zone covers about 85% of the NT total. About 35 community-based ranger programs are underway, providing activity for about 300 Aboriginal people with funding coming mainly from the Community Development Employment Projects (CDEP) scheme¹⁶ and Natural Heritage Trust. Some community-based rangers are also engaged in additional commercial utilization of wildlife like crocodile eggs and hatchlings. Ranger programs focus on the eradication of noxious weeds, especially mimosa, and the management of feral animals and pests, including cane toads, crazy ants, cats, pigs, horses, donkeys and buffalo. An informal institution, the North Australia Indigenous Land and Sea Management Alliance (NAILSMA) has evolved to integrate activity across the tropical savanna. Some alliances are emerging with the Australian Quarantine and Inspection Service to test feral animals for disease and community-based ranger programs could play an important role in eco-services delivery and in bio-security in remote and under-populated regions. This is a case where the customary is delivering private and public good—community, regional and national benefits are generated and are helping Australia meet international obligations in biodiversity conservation (see Yibarbuk et al. 2001)

Case 5: Greenhouse Gas Abatement

The final brief case is where the maintenance of customary fire regimes innovatively mixed with modern technology is assisting to reduce late dry season wildfires in the Top End. The Arnhem Land Fire Abatement (ALFA) project is generating public benefit by reducing greenhouse gas emissions, abating atmospheric carbon dioxide and by reducing smoke that has negative health impacts on Indigenous and non-Indigenous populations in Darwin (see Johnston et al. 2002). This embryonic project has commercial potential in a possible emerging market, carbon trading, as it seeks to reduce atmospheric carbon by a minimum 300,000 tonnes per annum utilising a 60,000 sq km region. The sequestered carbon sink potential of this wooded region is likely to be of far greater significance (Williams and Russell-Smith 2003).

These are but five examples of the workings of the hybrid economy. It is important to enhance each of these contributions because they not only generate economic development opportunities based on participation, but in many situations they also generate positive spin-off benefits to the nation. What are the barriers to expansion, some solutions that could be considered, and their relevance to resource economists?

The *harvesting case* highlights that enabling people to participate in wildlife utilisation will enhance their economic well-being owing to dietary contributions and 'import replacement'. Such harvesting is contingent on people being able to reside on or visit the land, exploiting natural resources to which they have rights both in western and customary laws. As introduced and environmentally-damaging feral species like pigs and buffalo that need regular culling are increasingly being hunted, there is a public interest in facilitating such activity. One state institution, new gun laws introduced in the late 1990s are hampering productivity in this sector.¹⁷ What efficiency and equity arguments might be made to facilitate access to appropriate harvesting technology?

The *fisheries case* indicates that Indigenous fishing is widespread in coastal communities, but rather than being a cause for celebration this is viewed skeptically as Indigenous fishers endangering protected species (with little hard evidence on species stocks, causation or sustainable yields). In reality there are real barriers to appropriate commercialization of customary fisheries in coastal communities because of regulatory and property rights barriers. Put another way, an Indigenous fisher can catch a barramundi to eat, not to sell in home communities. In other situations commercial harvesting can impact negatively on customary take or on Indigenous recreational fishing enterprise. Serious consideration needs to be given to how commercial licences can be extended to allow local harvesting of species for local sale. How can market-based and regulatory instruments operate efficiently if customary rights in property are overlooked?¹⁸

The *Indigenous visual arts case* has implications for institutional design. The last thirty years has seen spectacular growth in the Indigenous visual arts industry. Not only do Indigenous arts provide a means for market engagement, but the community-controlled art centre model also has a long and proven track record. Yet in the last decade funding support to the sector has stagnated, even though much quantitative evidence shows very positive outcomes for dollar inputs. In 2003, both NT and Commonwealth governments developed strategies to enhance infrastructure support to the industry to facilitate further growth. Yet it is not clear that the fundamental drivers of past successes—community-controlled organisations and professional arts advisers that mediate between artists and the market—are sufficiently understood or valued.

The *Indigenous NRM case* has implications for valuing externalities. Some recent calculations undertaken by a colleague, biological scientist Peter Whitehead, compares the cost of NRM in Kakadu National Park, a region of 20,000 sq kms, with a nearby region of 10,000 sq kms in central Arnhem Land. Whitehead estimates that in Kakadu, a world heritage area, about \$890 is spent in NRM per sq km compared to between \$60 and \$140 in Arnhem Land (Whitehead 2002).¹⁹ Yet there is no evidence that biodiversity conservation outcomes are effectively monitored in Kakadu (Australian National Audit Office 2002), nor that biodiversity conservation is higher than in Arnhem Land—indeed for many migratory species and in relation to fire management these are highly interdependent bio-regions. There is a need to consider equitable (and results-based) funding of NRM and to provide stable support to programs that generate positive conservation outcomes. Similar cases can be made with the cost-effectiveness of Indigenous involvement in coastal and bio-security surveillance especially in thinly-populated regions.

Finally, the *Greenhouse Gas Abatement case*. Over the last three years a consortium made up of a number of savanna stakeholders have tried to garner AGO support under the Greenhouse Gas Abatement Project (GGAP) for the ALFA. In 2001, negotiations stalled on disputation about whether the Commonwealth or Indigenous land owners would have property rights in carbon abated if Kyoto was ratified and if a market in carbon eventuated? In 2004, a major private corporation is looking to invest in this proposal even though only a quasi-market in carbon credits is in place. Issues of rights in new forms of property require careful consideration.

6. PROPERTY, INSTITUTIONS AND IDEOLOGY

The issues that I raise in this paper can be broadly summarised by three themes, property, institutions and ideology, that all have a bearing on the form and extent of economic development at Indigenous communities.

The observation that property rights matter for economic development to occur would not surprise resource economists, although the New Institutional Economics might suggest that it is the clarity of property rights, rather than their distribution, that is of primary importance. In other contexts I have argued that more than clarity is required, for two main reasons. First, there has been considerable political contestation and costly public policy debate about the economic benefits that result from land rights and native title.²⁰ Yet there has been some reluctance by critics of performance to openly acknowledge that these land rights and native title rights have been bestowed without property rights in commercially valuable resources. In the case of mineral rights, owned by the Crown, at least land rights and native title have some commercial worth associated with the value of the right of consent (which the Industry Commission (1991) termed a 'de facto' mineral right) and right to negotiate (Altman 2002a). But in other situations it is impossible to utilise commercially-alienated property in fisheries or wildlife or to develop new uses for unusual plant species owing to inflexible regulations.

Of greater importance and in the last decade, customary rights now recognised in native title law have made property rights everywhere more murky because such rights sit alongside commercial rights.²¹ Property matters not just for Indigenous development, but also for equity and efficiency in Australian resource use more generally. Just as it is in the national interest to facilitate Indigenous economic development, or else the nation will bear the costs of underdevelopment, so it is in the national interest to incorporate Indigenous stakeholders in any attempts to redefine existing property, like water (Altman and Cochrane 2003a), or to create new forms of property, like carbon. Otherwise the nation runs the equity risk of further alienating an already disadvantaged group, Indigenous landowners, from valuable property rights in resources; and the efficiency risks of enhanced uncertainty, higher transactions costs associated with legal contestation, absence of trade and compensation bills.²² If customary interests in property are overlooked or unrecognised, it is not just Indigenous development that will suffer, but also national development.

It should not take much to convince Institutional Economists that institutions also matter to development. This is clearly a complex issue, because clearly in 4th World contexts, there is no shortage of western institutions and forms of governance, it is just that they are being continually challenged by customary institutions that can be dominant in the remote Indigenous communities under consideration here. In the cases above, I have already referred to community-controlled Indigenous art centres, that are very effective in mediating between Indigenous artists and the market; and in NRM to hybrid institutions, community-based organizations (see Altman and Cochrane 2003b) that operate effectively at local and regional levels and utilise a mix of western science and Indigenous knowledge. Unfortunately, the cost effectiveness of such new emerging institutions—some highly innovative, others shifting from informal to formal, all amalgamating western knowledge and organisational forms and the local practical knowledge that James Scott (1998) in *Seeing Like a State* refers to as *Métis*—is not recognised or given adequate support by the state.²³

This in turn suggests that state institutions might need redesign, particularly as the state looms large in remote and regional Australia. Indeed it could be argued that no large-scale development occurs in remote Australia, be it in mining, irrigation schemes, tourism resorts or infrastructure (most recently a transcontinental railway), that is not underwritten directly or indirectly by the state. While there has been an argument articulated that there is too much state in Indigenous communities, this argument might in fact be that there is too much welfare state (Pearson 2000) and not enough 'guiding hand of the state' (Giddens 2002) or the state as underwriter of Indigenous development (Altman 2002b).

In many remote Indigenous community contexts a state institution, the CDEP scheme, has become the de facto Indigenous economic development scheme, but there is a real limit to what economic base can be built on work-for-the-dole.²⁴ This is especially the case in those situations where the States and the Commonwealth cost shift their legitimate expenditures onto the scheme. Consideration needs to be given to how state institutions like the CDEP can be strengthened and equitably resourced to deliver greater economic development opportunity, in the contexts of some of the examples of success provided earlier. Elsewhere I have argued that historically there may have been too much state governance for dependence in remote Indigenous contexts and not enough governance for development (Altman 2002b).

By focusing on institutional success, I am not suggesting that there are no institutional hurdles to overcome or institutional failures, although the identification of failure is rather obviously dependent on one's criteria for measuring success. Indeed there is a very vibrant scepticism in Australia (and the popular media) about the capacity of Indigenous communities to utilise property rights and discretionary financial resources for beneficial development, a point made by Duncan (2003: 318) when referring to 'rent seeking' behaviour arising in contestation over mining agreement payments.²⁵ In reality, many emerging Indigenous institutions lack western capacity and are under-resourced. An important example is the new institutional forms, Prescribed Body Corporates (or PBCs), that are empowered by the *Native Title Act* to hold land over which there has been a native title determination (Mantzaris and Martin 2000), but that are currently under-resourced by the state. Of equal significance, institutional failure can be linked to inherent difficulty in clearly defining Indigenous customary rights in property and associated political instability, especially in the numerous contexts where such rights are primarily defined by the Indigenous social institutions of kinship and descent that are well adapted to the customary, but poorly adapted to commercial engagement. Just as state institutions may require redesign and strengthening, so might emerging Indigenous institutions.

And finally, to ideology or, more precisely, the ideology of development. There is a view prevalent in the New Institutional Economics and implicit in Duncan (2003) that attaining western-style development will require the adoption of western-style institutions and governance. As I have already hinted, this view can probably be debated, but it is certainly being challenged in 4th World contexts where western institutions prevail but are in contestation with Indigenous institutions. This is probably not the occasion to canvass in detail the complex phenomenon of how globalisation is at once homogenising while local cultural heterogeneity increases (Giddens 2002: xxiv).²⁶ Rather I want to make just three points about ideology.

First, and rather obviously, if the dominant ideology and discourse of development is focused on the market, then it is hardly surprising that resource economists are not engaging with the situation in remote Indigenous communities, where the market is often a mere sliver in comparison with the customary and the state. A

preoccupation with the market may be useful in situations where there are articulations between the hybrid economy and the market, but even then it is likely that institutional design and meaningful economic analysis will require an understanding of the particularities of Indigenous views.

This leads to my second point, culture. The term culture is used here in the anthropological sense—the set of attitudes, beliefs, mores, customs, values and practices common to, or shared by, a group (see Throsby 2001). Irrespective of how an Indigenous group in remote Australia is defined, its cultural forms and frames will be fundamentally different from that of mainstream Australia. This, as already noted, does not mean that Indigenous communities reject all things western. Indeed, in today's world Indigenous cultures are likely to have incorporated many western attitudes, beliefs, technologies, and so on, but the resulting intercultural amalgam will still be fundamentally different and distinct from the mainstream. The economic and cultural diversity of Indigenous communities suggests that local circumstances will require local solutions, solutions that will not be driven from outside and that will need to mesh with local aspirations—this is not an easy proposition for public policy or economic theory to adopt.

Third, the power of language must not be overlooked. Honest unambiguous discourse about Indigenous (and non-Indigenous) development is needed and there is a role for economists here. It is important to be clear about the hurdles faced when seeking to deliver market solutions in those very difficult circumstances where the market is largely absent. Just as much regional economic development is dependent on the guiding hand (and purse) of the state, so Indigenous economic development in similar circumstances will be equally dependent. Policy should aim to support and grow what is working and to focus program effort on all three sectors of hybrid Indigenous economies, the customary, the market and the state, while recognizing current and potential inter-linkages between these sectors. Such an approach will not necessarily lead to economic independence, formal statistical equality, or even so-called welfare reduction, but it may match diverse Indigenous development aspirations and improve well-being as demonstrated in the empirical case studies above.

7. CONCLUSION

This article advocates a need for creative and innovative solutions to the complex economic development issues faced by remote Indigenous communities. To begin, it is essential to conceptualise these issues accurately, and the hybrid economy model may help here. Using this model it is clear that nowhere are things as 'under-developed' as they first appear according to official statistics and in some situations they are, in fact, more developed. This is not to suggest that all is well or that there is room for complacency; rather it is a call for investment in what is working, with some assurance that appropriate support will generate development outcomes. In the native title era, the customary sector has potential to expand—this is where there will be increased recognition of property in customary resources and where some Indigenous people are demonstrating growing aspirations for participation. Alternatively, others may seek to utilise native title leverage for enhanced engagement with market opportunity, in employment or enterprises, in mineral provinces like the Pilbara in Western Australia or the Gulf in Queensland.

In throwing down the gauntlet to the profession, Ron Duncan highlighted three issues with which I agree, but with some riders. First, while Duncan may have understated the extent of the engagement of the wider economics profession with Indigenous economic development issues, he is right that resource economists and the New Institutional Economics have under-engaged. There is clearly a role here for resource economists, particularly in issues associated with institutional design and strengthening, although I have suggested that this role might be limited if they are too wedded to neo-liberal focus on the market.

Second, Duncan suggests that resource economists may have avoided this area because it is politically sensitive. Again I concur. This is a politically sensitive area because one cannot just apolitically accept the existing distribution of factor endowments because condoning the status quo is a political action. In my view political sensitivity could make the New Institutional Economics and its tool kit of great value to take the heat out of polemical and populist perspectives. Resource economists do not need to turn to advocacy or politicking, just to assessing the relative efficiency of conventional private or state use of resources and Indigenous forms—and then, perhaps, make some comment on political economy of resource distribution.

Finally, Duncan advocates the involvement of Indigenous stakeholders in the development of policy, something that is surely incontestable. But in doing so, it is important to engage at local and regional levels. And it is imperative to recognise inevitable contestations about the meaning of development—one cannot assume away cultural differences in cross-cultural contexts, no matter how awkward they might be.

Ultimately, challenges to the profession from their colleagues will only go so far. Basic economics tells us that whether resource economists want to engage with these issues is a supply-side issue. Simultaneously, whether Indigenous communities and organizations recognise a role and advantages to be gained from engaging the services of resource economists is a demand-side issue. And, as always, the state will loom large in mediating and underwriting demand and supply, even in this services sector.

NOTES

1. After using this very western culture-specific expression, I thought I had better check what it really means. Google helped via the Encyclopedia of Word and Phrase Origins by informing me that in medieval times a knight issued a challenge to another knight by throwing down his mailed glove, or gauntlet, and his challenge was accepted if the other knight picked up the gauntlet. This custom gave us the modern meaning 'to make a serious challenge'.
2. Duncan (2003: 320–21) also discusses international trade issues, an issue that may become relevant if the USA and Australia enter a free trade agreement (FTA). A FTA could present problems for Indigenous specialities, like visual art product, whose marketing is arguably assisted by government grants to community-controlled art centres. I will not address the range of issues associated with the potential FTA.
3. Up until the 1967 Referendum, s.127 of the Australian Constitution excluded Aboriginal Australians from the official census count.
4. Some interesting comparisons between the USA and Australia focused on Indigenous Australians, Indigenous and Black Americans and the general populations of both countries have been made by economists Bob Gregory and Anne Daly (see Gregory and Daly 1997; Gregory 1991).

5. Duncan does not make the important distinction between traditional owners of land and Indigenous communities, nor does he differentiate between the plethora of federal and State land rights and native title laws enacted over the last three decades that have seen the incremental growth through claim, acquisition and negotiated agreements of the Indigenous estate (see Altman and Pollack 2001; Pollack 2001).
6. Although perhaps under-estimating the regionally variable but systematic forms of Indigenous customary tenure systems (see Sutton 2003).
7. Incidentally, the issue of leasehold over Aboriginal-owned land is poorly understood. Under most land rights laws, group owned land can be leased for 99 years (indeed Kakadu and Uluru National Park have been leased to the Commonwealth on just such a basis). And raising finance for major development projects on Aboriginal owned land has not proven a problem for major corporations with mineral leases over Aboriginal land; off Aboriginal land it is often underwritten by grants or loans from the state.
8. Much of this literature is referred to in a comprehensive ARC Linkage project website <<http://www.atns.net.au>>. The project 'Agreements, Treaties and Negotiated Settlements with Indigenous Peoples in Settler States' involves researchers from the University of Melbourne (Chief Investigator Professor Marcia Langton) and The University of Technology Sydney (Professor Larissa Behrendt).
9. Clearly substituting income from leases and resources rentals for citizenship entitlements will create incentives problems in the resources sector.
10. For a discussion of ILUAs and listing of those completed see <<http://www.nntt.gov.au>>.
11. Like Ron Duncan I am aware that this is at once a terribly small population, and also a population that in conventional income per capita terms is hardly under-developed by Third World standards. The issues are more about relative deprivation; maladjustment to colonisation history and enforced modernity; and contemporary difficulties in charting development pathways in modern Australia that accord with local and regional aspirations in all their diversity.
12. ATSIC was established in 1990 as an Indigenous institution with national political and administrative functions. In 2003, it was bifurcated into ATSIC, the national Indigenous political body, and Aboriginal and Torres Strait Islander Services or ATSIS, a Commonwealth bureaucracy with a national administrative role. After a review of ATSIC in 2003, there are proposals to enhance regionalisation of program delivery in recognition of regional differences and access issues in remote situations.
13. The distinction between metropolitan and urban and remote and regional is mainly made for reasons of analytical simplification; clearly native title rights, levers and compensation can have economic value in the former contexts and conversely there are many Indigenous groups that live in remote and regional situations without either land or native title rights recognised. While strategies to address economic and social exclusion are different from economic development strategies, they can converge when broad Sen-like notions of economic development are used.
14. With the exception from time to time of major resource development projects and mining enclaves; but even when such opportunities arise 'enclaves' are geographically situated within a wider mainly Indigenous world where Indigenous, not non-Indigenous, values and world views are dominant.
15. These changed proportions are linked to cash income affects associated with fuller payment of citizenship entitlements, but also because in real terms the local prices, used as proxies to value customary returns, have declined owing to better communications and more competition. For more detail on this case see Altman (2003).
16. The CDEP scheme is an Indigenous work-for-the-dole scheme that in many contexts has no resemblance to welfare even though gross available pay is notionally tied to welfare entitlements.
17. Utilising data collected by a research team in 2002–2003, co-researcher Tony Griffiths, a biological scientist at the ARC Key Centre for Tropical Wildlife Management has calculated that a hunt with a gun is 4 times more productive than a hunt without a gun.

18. An interesting recent regulatory example was reported in *The Canberra Times* (Ruling catches out barramundi fishing) on 31 January 2004. In this case the NT Court of Appeal gave a legal definition to the term coast (low water mark of an ordinary tide) that differed from earlier interpretations (highest astronomical high tide). This ruling effectively pushes commercial fishers out to sea away from the coastline, an outcome that Indigenous traditional owners of the coastline have sought since passage of land rights legislation in 1976. The Court of Appeal decision is at <http://www.nt.gov.au/ntsc/doc/judgements/2004/ntca/ntca002.html>.
19. Of course, in Kakadu, a proportion of this funding for park maintenance is provided to cope with the influx of about 200,000 visitors per annum.
20. The most recent example of this debate occurred at the end of the 20th century when the Howard Government commissioned a review of the *Aboriginal Land Rights (Northern Territory) Act 1976* by John Reeves (Reeves 1998). The review expressed concern that after 22 years of land rights there was no evidence of Indigenous socio-economic improvement and made numerous recommendations for statutory and administrative change. The review, however, failed to mention that land rights were generally bestowed without property rights in commercially valuable resources. It was criticised by an academic conference (Altman, Morphy and Rowse 1999) and subsequently all its recommendations dismissed by a parliamentary inquiry (Australian Government 1999).
21. Of especial importance is s.211 of the *Native Title Act 1993* which recognises not only native title rights in land, but also possible prior interests in customary resources. Access to such resources are unrestricted where required for the purpose of satisfying personal, domestic or non-commercial communal needs; and in exercise or enjoyment of native title rights and interests.
22. The Industry Commission (1991) argued that greater allocative efficiency would be generated if Indigenous mineral rights were recognised. More broadly, and contra Duncan's (2003) proposition for individual property title, the New Institutional Economics could consider the efficiency gains that might be generated by bestowal of land and native title rights not just as real estate, but inclusive of commercially valuable and tradeable property rights.
23. Although to be fair to Scott (1998) much of his book outlines how the colonisation process impacted negatively on exploited indigenous societies. Sillitoe (1998) also reviews an emerging international trend to recognise the value of Indigenous ecological knowledge.
24. For a regional example of a CDEP organization as a development agency see Altman and Johnston (2000); for a broader discussion of the scheme see chapters in Morphy and Sanders (2001).
25. This is not, of course, rent seeking, but arguing over the division of agreement benefits; this is not to say that such contestation could diminish social benefits from such agreements.
26. From the different perspective of the local and the discipline of anthropology, Marshall Sahlins (1999) ponders how many small-scale societies believed doomed in the mid 20th century have flourished despite globalisation and the pressures of late capitalism into the 21st century.

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